

The Chronicle

Banking, Insurance and Finance

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GENERAL FINANCIAL SITUATION.

The week has been characterized by outbursts of liquidation in the Montreal and Toronto stock markets, followed by some recoveries. Selling pressure was in evidence in case of Canadian Pacific, Brazilian, and various Canadian industrial stocks; but on the other hand Laurentide, Montreal Power, and one or two others showed considerable strength. The selling of C.P.R. is regarded as something of a mystery, inasmuch as recent developments in connection with the company's affairs cannot be regarded as unfavorable—as a matter of fact the developments have been of a nature to restore public confidence in this issue. The western crops are coming along in the best possible manner, and the verdict of the Commission appointed to enquire into the Empress of Ireland disaster exonerates the C.P.R. from blame. However, it is supposed that much of the selling came from Berlin or other European centres, and perhaps it may be attributed to the peculiarities of the situation overseas.

BRAZILIAN LOAN

The weakness in Brazilian on the other hand is traceable to the postponement of the loan which

the Rothschilds were arranging for the Republic of Brazil. Despatches state that the delay in this loan should not be taken as meaning that the Rothschild's plan has broken down; the explanation is that it did not prove possible to complete the arrangement in time to bring out the issue in the Paris market. It is now said that the flotation will go over to September. As this loan was intended to provide the means of restoring the disturbed finances of the Latin-American Republic to something like order, the postponement is naturally taken as a bear point on the stock of the Canadian Brazilian concern, the profits of which are adversely affected by the continuation of unsettled conditions in its territory. Barcelona, another of the Pearson stocks, has also been under pressure at the same time, this movement doubtless being due to sympathetic action.

It is believed that these occasional spells of liquidation here and in Europe are due in some measure to the spread-out condition of a number of the big financial houses and industrial concerns. The troubles of the Grenfell group in London have made it more difficult for others having large floating liabilities to hang on. Consequently they are obliged from time to time to spill out stocks which have a market in the effort to comply with the demands of their bankers.

CANADIAN SITUATION.

The money situation at the Canadian centres has not changed greatly during the week. There is, however, an entire absence of stringency. Call loans are quoted 5½ to 6 p.c.; and commercial paper is discountable at 6 to 7. There is not much of a demand from the brokers, as the sentiment on the street is not particularly optimistic. The prevailing impression seems to be that while prices are low and a recovery may be seen within a comparatively short time, it is unadvisable at present to enlarge bank loans for speculative purposes. This state of affairs naturally has a tendency in the direction of cheaper money.

LONDON SITUATION

Bank rate in London stands at 3 p.c. In the open market call money is quoted 1½ to 1¾ p.c.; short bills are 2 1-8 p.c.; and three months bills, 2 1-8 to 2¼ p.c. Bank of France rate is 3½, and the Reichsbank at Berlin quotes 4 p.c. In the private market at Paris discounts are 2¾, and at Berlin 2 1-8.

Since the passage of the Home Rule Bill there has been some expectation of political outbreaks in Ireland, but so far they have not materialized, and as the financial market apparently does not anticipate serious trouble it is to be hoped that these differences will be adjusted.

NEW YORK SITUATION

Call loans in New York are steady at 2 to 2¾ p.c., most of the business being at the higher quota-